Supreme Court, U.S.
FILED
MAR 16 2004
OFFICE OF THE CLERK

(3)

No. 03-1025

IN THE
Supreme Court of the United States

HALLIBURTON ENERGY SERVICES, INC.,

Petitioner,

v.

BJ SERVICES COMPANY,

Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY TO BRIEF IN OPPOSITION

DONALD R. DUNNER
ALLEN M. SOKAL
JAMES R. BARNEY
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER, L.L.P.
1300 I Street, N.W.
Washington, D.C. 20005
(202) 408-4000

PHILIP S. BECK
Counsel of Record
CHRIS LIND
CARRIE A. JABLONSKI
BARTLIT BECK HERMAN PALENCHAR & SCOTT
54 West Hubbard Street
Chicago, IL 60610
(312) 494-4400

Attorneys for Petitioner Halliburton Energy Services, Inc.

March 16, 2004

LIST OF PARTIES TO THE PROCEEDING PURSUANT TO RULE 14(1)(b) AND CORPORATE DISCLOSURE STATEMENT PURSUANT TO RULE 29(6)

The names of all parties in the court whose judgment is sought to be reviewed appear in the caption of this Petition for Writ of *Certiorari*.

Petitioner, Halliburton Energy Services, Inc., identifies parent corporations and publicly held companies that own 10 percent or more of petitioner's stock as:

Halliburton Company

TABLE OF CONTENTS

Page

LIST OF PARTIES TO THE PROCEEDING PURSUANT TO RULE 14(1)(b) AND CORPORATE DISCLOSURE STATEMENT PURSUANT TO RULE (29)(6) i

TABLE OF CONTENTS ii

TABLE OF AUTHORITIES iii

INTRODUCTION 1

I. BJ Does Not Provide Any Support for the Federal Circuit's Review of the Indefiniteness Determination Under a "Substantial Evidence" Standard 1

II. HES's Indefiniteness Argument Presents a Question of Claim Construction and HES Properly Preserved Its Indefiniteness Argument in the Claim Construction Process 4

A. HES's Indefiniteness Argument Presents a Question of Claim Construction 4

B. HES Did Not Waive Its Indefiniteness Argument 5

CONCLUSION 7

TABLE OF AUTHORITIES

CASES

ASM Am. v. Genus, Inc.,
No. C-01-2190-EDL, 2002 WL 1892200
(N.D. Cal. Aug. 15, 2002) 5, 6

Atmel Corp. v. Information Storage Devices, Inc.,
198 F.3d 1374 (Fed. Cir. 1999) 4

Beachcombers Int'l, Inc. v. Wildewood Creative Prods.,
31 F.3d 1154 (Fed. Cir. 1994) 2

City of St. Louis v. Praprotnik,
485 U.S. 112 (1988) 7

Cybor Corp. v. FAS Technologies, Inc.,
138 F.3d 1448 (Fed. Cir. 1998) ..... passim

Exxon Research & Eng'g Co. v. United States,
265 F.3d 1371 (Fed. Cir. 2001) ..... passim

Exxon Research & Eng'g Co. v. United States,
46 Fed. Cl. 278 (2000),
aff'd in part and reversed in part, 265 F.3d 1371
(Fed. Cir. 2001) 2

F.B. Leopold Co. v. Roberts Filter Mfg. Co.,
Nos. 96-1218, 96-1278, 96-1456, 96-1471, 1997
WL 378004 (Fed. Cir. July 2, 1997) 2

Honeywell Int'l, Inc. v. Int'l Trade Comm'n,
41 F.3d 1332 (Fed. Cir. 2003) 3

Markman v. Westview Instruments, Inc.,
517 U.S. 370 (1996) ..... passim

Markman v. Westview Instruments, Inc.,
52 F.3d 967 (Fed. Cir. 1995), *aff'd*,
517 U.S.370 (1996) 7

Personalized Media Commun., L.L.C. v.
Int'l Trade Comm'n,
161 F.3d 696 (Fed. Cir. 1998)..... 4

S3 Inc. v. nVIDIA Corp.,
259 F.3d 1364 (Fed. Cir. 2001) 4

OTHER AUTHORITIES

HERBERT F. SCHWARTZ, PATENT LAW AND PRACTICE
247-50 (4th ed. 2003) 4

INTRODUCTION

No post-*Markman/Cybor/Exxon* cases support the Federal Circuit's holding in this case that it should review an indefiniteness determination under the "substantial evidence" standard. An indefiniteness determination, as part of a court's duty to construe patent claims, always presents a pure question of law reviewable *de novo*. The Federal Circuit's contrary holding will resurrect the uncertainty about the scope of patent claims that existed before this Court's decision in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996).

Contrary to BJ's argument, HES did not waive the indefiniteness issue. It expressly preserved the issue at the *Markman* hearing and filed a motion for judgment as a matter of law (JMOL) on the issue. Consequently, this Court should reject BJ's attempt to immunize the Federal Circuit's failure to conduct the requisite *de novo* review. It should grant the petition to restore the uniformity and predictability of interpretation of patents.

ARGUMENT

I. BJ Does Not Provide Any Support for the Federal Circuit's Review of the Indefiniteness Determination Under a "Substantial Evidence" Standard

This Court's decision in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996), and the Federal

Circuit's subsequent decisions in *Cybor*[1] and *Exxon*[2] require the Federal Circuit to review an indefiniteness determination *de novo*, without deference to the findings in the trial court. (*See* HES Petition at 9-12) In *Exxon*, the Federal Circuit expressly rejected the "conten[tion] that indefiniteness depends on underlying questions of fact." 265 F.3d at 1376.

The only precedential decision BJ cites in support of the deferential "factual" approach that the Federal Circuit applied in this case is *Beachcombers International, Inc. v. Wildewood Creative Products*, 31 F.3d 1154 (Fed. Cir. 1994). (BJ Opposition at 9) But *Beachcombers* was decided *before Markman*, *before Cybor* and *before Exxon*. As the lower *Exxon* court recognized, *Beachcombers* is "no longer good law" on the appropriate standard of reviewing an indefiniteness determination. *Exxon Research & Eng'g Co. v. United States*, 46 Fed. Cl. 278, 282 (2000), *aff'd in part and reversed in part*, 265 F.3d 1371, 1376 (Fed. Cir. 2001) (affirming holding that indefiniteness is a question of law).[3] BJ's reliance on pre-*Markman/Cybor/Exxon* case law is not persuasive, and only emphasizes the confusion and

---

[1] *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448, 1455 (Fed. Cir. 1998) (*en banc*).

[2] *Exxon Research & Eng'g Co. v. United States*, 265 F.3d 1371, 1376 (Fed. Cir. 2001).

[3] BJ also relies (in a footnote) on the nonprecedential opinion, *F.B. Leopold Co. v. Roberts Filter Mfg. Co.*, Nos. 96-1218, 96-1278, 96-1456, 96-1471, 1997 WL 378004 (Fed. Cir. July 2, 1997). Like *Beachcombers*, *F.B. Leopold* was decided *before* the Federal Circuit's decisions in *Cybor* and *Exxon*, and thus it does not reflect current Federal Circuit law. In addition, *F.B. Leopold* does not stand for the proposition BJ claims. Although it made a reference to "substantial evidence" in addressing the invalidity issues collectively, the court did not adopt a "substantial evidence" standard of review for indefiniteness determinations. *Id.* at *3.

unpredictability the Federal Circuit's changing position will cause in addressing issues of patent interpretation.

Next, BJ attempts to distinguish current Federal Circuit law. BJ attempts to distinguish *Honeywell International, Inc. v. International Trade Commission*, 341 F.3d 1332 (Fed. Cir. 2003), by arguing that unlike this case, *Honeywell* did not involve any disputed factual issues.[4] This argument is also misdirected. The Federal Circuit has specifically rejected the contention that the indefiniteness determination involves underlying issues of fact. *Exxon*, 265 F.3d at 1376. In *Honeywell*, as in this case, the court decided whether the scope of a claim term was indefinite based on the absence of any evidence in the patent, and conflicting evidence from the parties, as to how to measure a key claim element. The court conducted *de novo* review with no deference to the Commission's findings and affirmed the indefiniteness determination. *Honeywell*, 341 F.3d at 1338, 1342.

Finally, with no post-*Markman/Cybor/Exxon* indefiniteness cases to support its position, BJ turns to cases that address the appropriate standard for reviewing patentability questions not at issue in this case, *i.e.*,

---

[4] BJ spends much of its Opposition challenging the allegedly "factual" issues regarding the proper methodology for measuring C*, the results each method would produce, and whether HES's expert testified about the measurement conditions one of skill in the art would employ. (*See, e.g.*, BJ Opp. at 2, 3, 12) While HES does not agree with BJ's characterizations of these "factual" issues, whether any such "factual" disputes exist is not at issue in HES's Petition. The issue here is not whose version of the facts is correct but whether the Federal Circuit erred in its indefiniteness analysis by deferring to the jury on such "factual" issues instead of considering them *de novo*, as required by *Markman*, *Cybor*, and *Exxon*.

obviousness, non-enablement and inventorship. (BJ Opp. at 11-12) Those cases do not support the Federal Circuit's "substantial evidence" review of the indefiniteness determination because the standard of review applicable to obviousness, non-enablement and inventorship determinations is different. Unlike indefiniteness, those issues are not pure issues of law subject to *de novo* review. *See* HERBERT F. SCHWARTZ, PATENT LAW AND PRACTICE 247-50 (4th ed. 2003). The controlling precedent concerning the review of an indefiniteness determination does not support the Federal Circuit's "substantial evidence" approach in this case.

II. HES's Indefiniteness Argument Presents a Question of Claim Construction and HES Properly Preserved Its Indefiniteness Argument in the Claim Construction Process

A. HES's Indefiniteness Argument Presents a Question of Claim Construction

An indefiniteness determination "is drawn from the court's performance of its duty as the construer of patent claims." *Exxon*, 265 F.3d at 1376 (quoting *Personalized Media Communications, L.L.C. v. Int'l Trade Comm'n*, 161 F.3d 696, 705 (Fed. Cir. 1998)). If the conclusion of a court's claim construction exercise is that the claim is too ambiguous to be construed, the claim is indefinite. *Exxon*, 265 F.3d at 1375. Indefiniteness is thus "inextricably intertwined with claim construction." *Atmel Corp. v. Information Storage Devices, Inc.*, 198 F.3d 1374, 1379 (Fed. Cir. 1999); *see also S3 Inc. v. nVIDIA Corp.*, 259 F.3d 1364, 1367 (Fed. Cir. 2001) (whether a claim is indefinite "is a matter of construction of the claims").

BJ's attempt to distinguish *Exxon* and the other cases on which HES relies on the basis that those cases address the indefiniteness question in the context of "whether the claims were capable of construction" lacks merit. (BJ Opp. at 10-11) No case supports BJ's apparent contention that there are two kinds of indefiniteness, one where a claim is incapable of construction and presents an issue of claim interpretation, and another, reviewable under a "substantial evidence" standard, where a claim is capable of construction but presents a purely factual question of whether a person skilled in the art would know the limits of the construed claim.

HES's indefiniteness argument, like all indefiniteness arguments, was "inextricably intertwined" with claim construction. HES raised the indefiniteness issue in the context of arguing that the scope of "C*" could not be construed because the patent is silent on how to measure C* and because the numerous measurement methods described in the scientific literature lead to dramatically different results. (HES Pet. at 3-5, 10 (citing *Exxon*, 265 F.3d at 1375)) That the trial court did not decide the indefiniteness issue as part of the claim construction process makes no difference. *See ASM Am. v. Genus, Inc.*, No. C-01-2190-EDL, 2002 WL 1892200, at *15 (N.D. Cal. Aug. 15, 2002).

B. HES Did Not Waive Its Indefiniteness Argument

The repeated premise of BJ's waiver argument – that HES never argued that the scope of claim 17 could not be construed – is false. (BJ Opp. 5, 6, 8, 9) HES consistently argued – in the *Markman* and summary judgment contexts, and again in its requests for JMOL – that "C*" was not

amenable to interpretation because it is indefinite. (A33; A676-77; A6004-05) In the *Markman* hearing, HES insisted that "this patent cannot be saved because of the lack of definitiveness and disclosure with respect to [C*]." (A6004) The trial court, however, chose to defer the indefiniteness issue until after the *Markman* hearing (A6004; A6017), and issued a ruling setting forth its construction of the term "C*." (A36; App. 16a) HES made clear that by deferring the indefiniteness issue until after the *Markman* hearing, "we do not abandon our position on the issue." (A6004) The trial court agreed that it would consider the indefiniteness issue after the *Markman* process (A6004), and it addressed the issue in the summary judgment proceedings and at trial.[5] (A33; A676-77)

That HES agreed at trial to submit the indefiniteness issue to the jury and did not object to including the district court's definition of C* in the jury instructions is irrelevant. First, that the indefiniteness question went to the jury does not entitle the decision to any deference or change the standard of review from *de novo* to "substantial evidence." *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 975 (Fed. Cir. 1995), *aff'd*, 517 U.S. 370 (1996). Second, because the trial court had already rejected HES's indefiniteness argument and issued a *Markman* ruling

---

[5] Other courts have adopted similar procedures for addressing the indefiniteness issue. *See, e.g., ASM Am.*, 2002 WL 1892200, at *15 (deferring the indefiniteness determination until after the claim construction process because post-*Markman* cases require that "the Court must attempt to determine what a claim means before it can determine whether the claim is invalid for indefiniteness, [but] not that the Court must determine indefiniteness during the claim construction proceedings").

interpreting C*, any objection to the inclusion of the judge's *Markman* ruling in the jury instructions would have been futile. Finally, HES preserved its indefiniteness argument by filing a motion for JMOL and appealing from the denial of that motion. A motion for JMOL tests whether an issue should have been submitted to the jury at all, not whether the jury instructions were proper. *City of St. Louis v. Praprotnik*, 485 U.S. 112, 120 (1988); *see also Markman*, 52 F.3d at 975 n.5 (upon JMOL review, an "appellate court is not bound by the instructions given the jury, even if they were not objected to.") Both before and after the indefiniteness issue was submitted to the jury, therefore, HES urged that the court should decide the issue as a matter of law and that it should not go to the jury.

In the case at hand, the Federal Circuit improperly failed to conduct *de novo* review. Instead, the Federal Circuit deferred to the jury's determination on the indefiniteness issue and reviewed it under the "substantial evidence" standard. 338 F.3d at 1372-73 (App. 5a) The standard of review the Federal Circuit applied contravenes *Markman*, *Cybor*, and *Exxon* and resurrects a split in authority that will significantly undermine the patent system's objectives.

CONCLUSION

For the foregoing reasons, the Petition for a Writ of *Certiorari* should be granted.

March 16, 2004

Respectfully submitted,

Of Counsel:

DONALD R. DUNNER
ALLEN M. SOKAL
JAMES R. BARNEY
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER, L.L.P.
1300 I Street, N.W.
Washington, D.C. 20005-3315
(202) 408-4000

PHILIP S. BECK
CHRIS LIND
CARRIE A. JABLONSKI
BARTLIT BECK HERMAN PALENCHAR & SCOTT
54 West Hubbard St.
Chicago, IL 60610
(312) 494-4400

Attorneys for Petitioner Halliburton Energy Services, Inc.